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May 9, 2006

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Mr. George W. Cross, President and Chief Operating Officer  
Intermountain Power Service Corporation  
850 West Brush Wellman Road  
Delta, Utah 84624

Subject: Intermountain Generation Station Unit 2 Low NO<sub>x</sub> Burners, Contract 04-45606  
IPSC April 24, 2006 Letter

Dear Mr. Cross:

Advanced Burner Technologies Corporation (ABT) is concerned that damage has occurred to the burners we have supplied. Although we deny IPSC claims that ABT has any responsibility, we do however remain committed to help IPSC. To this end we have been working closely with the Plant to identify the root causes that first became evident on June 27, 2005 with IPSC's Mr. J. Finlinson's email notification of the F3 burner fire.

We can understand that changes in operation (such as fuel supply) and occasionally information that can be important to the supplier may, through inadvertent oversight, not be provided to the supplier. In this case two critical items were not provided to ABT: the expected fuel change that resulted in significant increases in fuel and primary air flow, and the overheating of the original equipment burner barrels. There is no way any equipment designer can design for conditions of which they are not made aware by the owner.

The following Items 1 through 5 of the subject Intermountain Power Service Corporation (IPSC) letter that describes problems identified by IPSC are as follows, with ABT responses added in **bold text**:

1. Erosion of the barrel just downstream of the long-sweep elbow. This has occurred on every burner and we believe it is caused by the diffuser assembly you designed and supplied that is located in the elbow.

**ABT response:**

The diffuser assembly, otherwise known as "x-vane", located in the elbow is a wear component, however it has worn more rapidly than the standard design we have in operation at all our other installations. ABT's proposal included supply of the standard x-vane design which eliminate the cleanout plug at the elbow's centerline; however, in early stages of the project IPSC requested a change in order to retain the existing port in the burner inlet elbow. ABT agreed to make the change but also advised IPSC that the standard x-vane as originally offered was a better, simpler, design. In any case, the accelerated wear to the x-vane assembly, and erosion of the barrel downstream of the long sweep elbow, is due to IPSC operation of their coal mills at higher flows than allowed by contract and the burner design. As stated in Proposal